

API NUMBER: 017 25844

OKLAHOMA CORPORATION COMMISSION  
OIL & GAS CONSERVATION DIVISION  
P.O. BOX 52000  
OKLAHOMA CITY, OK 73152-2000  
(Rule 165:10-3-1)

Approval Date: 08/31/2022  
Expiration Date: 02/29/2024

Horizontal Hole Oil & Gas

**PERMIT TO DRILL**

WELL LOCATION: Section: 12 Township: 14N Range: 9W County: CANADIAN

SPOT LOCATION: ☐ NW ☐ NE ☐ NW ☐ NE FEET FROM QUARTER: FROM NORTH FROM EAST  
SECTION LINES: 275 1844

Lease Name: MINNIE 1-14N-9W Well No: 3MH Well will be 275 feet from nearest unit or lease boundary.  
Operator Name: PALOMA OPERATING CO INC Telephone: 7136548534 OTC/OCC Number: 23932 0

PALOMA OPERATING CO INC  
1100 LOUISIANA ST STE 5100  
HOUSTON, TX 77002-5220

DL&F, LLC  
14023 WEST JONES ROAD  
CALUMET OK 73014

Formation(s) (Permit Valid for Listed Formations Only):

Name	Code	Depth
1 MISSISSIPPIAN	359MSSP	8950

Spacing Orders: 684800

Location Exception Orders: No Exceptions

Increased Density Orders: No Density

Pending CD Numbers: 202203259  
202203260

Working interest owners' notified: \*\*\*

Special Orders: No Special

Total Depth: 17500 Ground Elevation: 1246

Surface Casing: 1000

Depth to base of Treatable Water-Bearing FM: 410

Deep surface casing has been approved

Under Federal Jurisdiction: No  
Fresh Water Supply Well Drilled: No  
Surface Water used to Drill: No

Approved Method for disposal of Drilling Fluids:

D. One time land application -- (REQUIRES PERMIT)

PERMIT NO: 22-38528

H. (Other)

SEE MEMO

**PIT 1 INFORMATION**

Type of Pit System: CLOSED Closed System Means Steel Pits

Type of Mud System: WATER BASED

Chlorides Max: 5000 Average: 3000

Is depth to top of ground water greater than 10ft below base of pit? Y

Within 1 mile of municipal water well? N

Wellhead Protection Area? N

Pit is not located in a Hydrologically Sensitive Area.

Category of Pit: C

Liner not required for Category: C

Pit Location is: NON HSA

Pit Location Formation: FLOWERPOT

**PIT 2 INFORMATION**

Type of Pit System: CLOSED Closed System Means Steel Pits

Type of Mud System: OIL BASED

Chlorides Max: 300000 Average: 200000

Is depth to top of ground water greater than 10ft below base of pit? Y

Within 1 mile of municipal water well? N

Wellhead Protection Area? N

Pit is not located in a Hydrologically Sensitive Area.

Category of Pit: C

Liner not required for Category: C

Pit Location is: NON HSA

Pit Location Formation: FLOWERPOT

This permit does not address the right of entry or settlement of surface damages. The duration of this permit is 18 MONTHS, except as otherwise provided by Rule 165: 10-3-1. Rule 165: 10-3-4 (c) (7) (e) - The Operator shall give 24 Hours notice by telephone to the appropriate District Office of the Conservation Division as to when Surface Casing will be run.

**HORIZONTAL HOLE 1**

Section: 1	Township: 14N	Range: 9W	Meridian: IM	Total Length: 5000
	County: CANADIAN			Measured Total Depth: 17500
Spot Location of End Point: NW	NW	NE	NW	True Vertical Depth: 10000
Feet From: <b>NORTH</b>	1/4 Section Line: 65			End Point Location from
Feet From: <b>WEST</b>	1/4 Section Line: 1490			Lease, Unit, or Property Line: 65

**NOTES:**

Category	Description
DEEP SURFACE CASING	[8/24/2022 - GC2] - APPROVED; NOTIFY OCC FIELD INSPECTOR IMMEDIATELY OF ANY LOSS OF CIRCULATION OR FAILURE TO CIRCULATE CEMENT TO SURFACE ON ANY CONDUCTOR OR SURFACE CASING
HYDRAULIC FRACTURING	<p>[8/24/2022 - GC2] - OCC 165:10-3-10 REQUIRES:</p> <p>1) NOTICE SHALL BE GIVEN AT LEAST 5 BUSINESS DAYS PRIOR TO COMMENCEMENT OF HYDRAULIC FRACTURING OPERATIONS ON A HORIZONTAL WELL TO OPERATORS PRODUCING WELLS WITHIN 1 MILE OF THE COMPLETION INTERVAL OF THE SUBJECT WELL. THE NOTICE TO SUCH OPERATORS SHALL CONTAIN THE INFORMATION IN FORM 6000NOO. IF THE HYDRAULIC FRACTURING OPERATIONS SCHEDULE CHANGES AFTER NOTICE HAS BEEN PROVIDED, RESULTING IN A DELAY OF OPERATIONS OF MORE THAN 5 DAYS FROM THE INITIAL NOTICE, NEW NOTICE IS REQUIRED TO BE GIVEN;</p> <p>2) NOTICE WILL BE GIVEN TO THE OCC CENTRAL OFFICE AND LOCAL DISTRICT OFFICES AT LEAST 48 HOURS PRIOR TO COMMENCEMENT OF HYDRAULIC FRACTURING OPERATIONS. FORM 6000NHF SHALL BE USED AND IS FOUND AT THIS LINK: <a href="http://OCCEWEB.COM/OG/OGFORMS.HTML">OCCEWEB.COM/OG/OGFORMS.HTML</a>; AND,</p> <p>3) THE CHEMICAL DISCLOSURE OF HYDRAULIC FRACTURING INGREDIENTS FOR ALL WELLS IS TO BE REPORTED TO FRACFOCUS WITHIN 60 DAYS AFTER THE CONCLUSION OF HYDRAULIC FRACTURING OPERATIONS, FOUND AT <a href="http://FRACFOCUS.ORG">FRACFOCUS.ORG</a></p>
INTERMEDIATE CASING	[8/24/2022 - GC2] - DUE TO THE KNOWN POTENTIAL RISK OF ENCOUNTERING AN OVER-PRESSURED ZONE IN THE MORROW SERIES IN THIS AREA, THE TECHNICAL MANAGER RECOMMENDS SETTING AN INTERMEDIATE STRING OF CASING IMMEDIATELY ABOVE THE MORROW SERIES
MEMO	[8/24/2022 - GC2] - CLOSED SYSTEM=STEEL PITS (REQUIRED - DEAD INDIAN CREEK), OBM RETURNED TO VENDOR, CUTTINGS PERMITTED PER DISTRICT
PENDING CD - 202203259	<p>[8/31/2022 - G56] - (E.O.) 1-14N-9W  X684800 MSSP, OTHERS  X165:10-3-28(C)(2)(B) MSSP  MAY BE CLOSER THAN 600' TO ALIG TRUST A2, SCHWEITZER A1 WELLS  COMPL. INT. NCT 165' FSL, NCT 165' FNL, NCT 330' FWL  NO OP. NAMED  REC 8/22/2022 (DENTON)</p>
PENDING CD - 202203260	<p>[8/31/2022 - G56] - (E.O.) 1-14N-9W  X684800 MSSP  2 WELLS  NO OP NAMED  REC 8/22/2022 (DENTON)</p>
SPACING - 684800	<p>[8/31/2022 - G56] - (640)(HOR) 1-14N-9W  EXT OTHER  EST MSSP, OTHER  POE TO BHL NLT 660' FB  (COEXIST SP. ORDER # 160297 CSTRU, MNNG, MSSSD)</p>